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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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EXAMINER

GART, MATTHEW S

ART UNIT PAPER NUMBER

3625

DATE MAILED: 04/26/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/849,988

Applicant(s)

SIMONS, ERIK NEAL

Examiner

Matthew s Gart

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MLW

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☐ Responsive to communication(s) filed on ____.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-64 is/are pending in the application.
- 4a) Of the above claim(s) ____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) ____ is/are allowed.
- 6) ☒ Claim(s) 1-64 is/are rejected.
- 7) ☐ Claim(s) ____ is/are objected to.
- 8) ☐ Claim(s) ____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 08 May 2001 is/are: a) ☒ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
 - ☐ Certified copies of the priority documents have been received in Application No. ____.
 - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☒ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date 2, 3.
- 4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date. ____.
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other: ____.

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DETAILED ACTION

Specification

The lengthy specification has not been checked to the extent necessary to determine the presence of all possible minor errors. Applicant's cooperation is requested in correcting any errors of which applicant may become aware in the specification.

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1-23 and 31-60 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

Referring to claims 1-23 and 31-60. As an initial matter, the United States Constitution under Art. I, §8, cl. 8 gave Congress the power to "[p]romote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries". In carrying out this power, Congress authorized under 35 U.S.C. §101 a grant of a patent to "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition or matter, or any new and useful improvement thereof." Therefore, a fundamental premise is that a patent is a statutorily created vehicle for Congress to confer an exclusive right to the inventors for "inventions" that promote the progress of "science and the useful arts".

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The phrase "technological arts" has been created and used by the courts to offer another view of the term "useful arts". See *In re Musgrave*, 167 USPQ (BNA) 280 (CCPA 1970). Hence, the first test of whether an invention is eligible for a patent is to determine if the invention is within the "technological arts".

Further, despite the express language of §101, several judicially created exceptions have been established to exclude certain subject matter as being patentable subject matter covered by §101. These exceptions include "laws of nature", "natural phenomena", and "abstract ideas". See *Diamond v. Diehr*, 450, U.S. 175, 185, 209 USPQ (BNA) 1, 7 (1981). However, courts have found that even if an invention incorporates abstract ideas, such as mathematical algorithms, the invention may nevertheless be statutory subject matter if the invention as a whole produces a "useful, concrete and tangible result." See *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* 149 F.3d 1368, 1973, 47 USPQ2d (BNA) 1596 (Fed. Cir. 1998).

This "two prong" test was evident when the Court of Customs and Patent Appeals (CCPA) decided an appeal from the Board of Patent Appeals and Interferences (BPAI). See *In re Toma*, 197 USPQ (BNA) 852 (CCPA 1978). In *Toma*, the court held that the recited mathematical algorithm did not render the claim as a whole non-statutory using the Freeman-Walter-Abele test as applied to *Gottschalk v. Benson*, 409 U.S. 63, 175 USPQ (BNA) 673 (1972). Additionally, the court decided separately on the issue of the "technological arts". The court developed a "technological arts" analysis:

The "technological" or "useful" arts inquiry must focus on whether the claimed subject matter...is statutory, not on whether the product of the claimed subject matter...is statutory, not on whether the prior art which the claimed subject matter purports to replace...is statutory, and not on

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whether the claimed subject matter is presently perceived to be an improvement over the prior art, e.g., whether it "enhances" the operation of a machine. *In re Toma* at 857.

In *Toma*, the claimed invention was a computer program for translating a source human language (e.g., Russian) into a target human language (e.g., English). The court found that the claimed computer implemented process was within the "technological art" because the claimed invention was an operation being performed by a computer within a computer.

The decision in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* never addressed this prong of the test. In *State Street Bank & Trust Co.*, the court found that the "mathematical exception" using the Freeman-Walter-Abele test has little, if any, application to determining the presence of statutory subject matter but rather, statutory subject matter should be based on whether the operation produces a "useful, concrete and tangible result". See *State Street Bank & Trust Co.* at 1374. Furthermore, the court found that there was no "business method exception" since the court decisions that purported to create such exceptions were based on novelty or lack of enablement issues and not on statutory grounds. Therefore, the court held that "[w]hether the patent's claims are too broad to be patentable is not to be judged under §101, but rather under §§102, 103 and 112." See *State Street Bank & Trust Co.* at 1377. Both of these analysis goes towards whether the claimed invention is non-statutory because of the presence of an abstract idea. Indeed, *State Street* abolished the Freeman-Walter-Abele test used in *Toma*. However, *State Street* never addressed the second part of the analysis, i.e., the "technological arts" test established in *Toma* because the invention in

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State Street (i.e., a computerized system for determining the year-end income, expense, and capital gain or loss for the portfolio) was already determined to be within the technological arts under the *Toma* test. This dichotomy has been recently acknowledged by the Board of Patent Appeals and Interferences (BPAI) in affirming a §101 rejection finding the claimed invention to be non-statutory. See *Ex parte Bowman*, 61 USPQ2d (BNA) 1669 (BdPatApp&Int 2001).

In utilizing the two-prong test as indicated supra, the claimed invention as a whole must accomplish a practical application. The Examiner notes, in the present application, claims 1-23 and 31-60 do produce a useful, concrete and tangible result.

The Examiner further notes, claims 1-23 and 31-60 fail to recite any technology within the claims. Claims 1-23 and 31-60 recite a method for ranking and displaying search results. Utilizing *Toma's* "technological arts" analysis, claims 1-23 and 31-60 are not within the "technological art," because the claimed invention is not an operation being performed by a computer within a computer.

Claim Rejections - 35 USC § 102

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

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Claims 1-14, 16, 20-44, 50-58 and 60-64 are rejected under 35 U.S.C. 102(e) as being anticipated by McElfresh U.S. Patent Application Publication 2003/0149938.

Referring to claim 1. McElfresh discloses a method for ranking and displaying search results, comprising:

- Receiving a search query (McElfresh: paragraph 0036: "The Rad Server 112 performs the overall function of gathering the necessary information regarding a particular ad and the particular user and generating a set of ads which have been optimized for placement on a web page according to a calculated click0through-percentage for that user.");
- Performing a search, using the query, to identify merchants relating to the query; obtaining results of the search including the identified merchants (McElfresh: paragraph 0036);
- Ranking the results based upon activity relating to the identified merchants (McElfresh: paragraph 0033 and paragraph 0034); and
- Displaying the results based upon the ranking (McElfresh: paragraph 0033 and paragraph 0034).

Referring to claim 2. McElfresh further discloses a method wherein the receiving step includes receiving the query transmitted from an affiliate network site (McElfresh: paragraph 0035, paragraph 0036, paragraph 0037 and paragraph 0038).

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Referring to claim 3. McElfresh further discloses a method wherein the receiving step includes receiving an identification of the affiliate network site with the query (McElfresh: paragraph 0035, paragraph 0036, paragraph 0037 and paragraph 0038).

Referring to claim 4. McElfresh further discloses a method including storing an indication of the affiliate network site associated with information relating to the query (McElfresh: paragraph 0038).

Referring to claim 5. McElfresh further discloses a method wherein the performing step includes searching one or more databases specifying identifications of selected merchants (McElfresh: paragraph 0038).

Referring to claim 6. McElfresh further discloses a method wherein the performing step includes identifying merchants offering goods or services relating to the search query (McElfresh: paragraph 0035, paragraph 0036, paragraph 0037 and paragraph 0038).

Referring to claim 7. McElfresh further discloses a method wherein the ranking step includes determining for the merchants commissions paid based upon a cost-per-action ratio (McElfresh: paragraph 0042 and claim 1).

Referring to claim 8. McElfresh further discloses a method wherein the displaying step includes displaying identifications of the merchants in decreasing order of the commissions paid (McElfresh: paragraph 0042).

Referring to claim 9. McElfresh further discloses a method wherein the ranking step includes determining for the merchants commissions paid based upon a cost-per-click ratio (McElfresh: paragraph 0042 and claim 1).

Referring to claim 10. McElfresh further discloses a method wherein the ranking step includes determining, which one of the databases was a source for the identified merchants, and ranking the merchants based upon the determined source databases (McElfresh: paragraph 0010 and Figure 3a).

Referring to claim 11. McElfresh further discloses a method wherein the displaying step includes displaying an identification of the merchants linked with network addresses for the merchants (McElfresh: paragraph 0010 and Figure 3a).

Referring to claim 12. McElfresh further discloses a method further including:

- Receiving from a user selection of an identified merchant within the displayed results (McElfresh: paragraph 0035, paragraph 0036, paragraph 0037 and paragraph 0038); and
- Transferring the user's network connection to the selected merchant's network site (McElfresh: paragraph 0035, paragraph 0036, paragraph 0037 and paragraph 0038).

Referring to claim 13. McElfresh further discloses a method including associating an identification of the selected merchant with the query and storing the identification and the associated query (McElfresh: paragraph 0035, paragraph 0036, paragraph 0037 and paragraph 0038).

Referring to claim 14. McElfresh further discloses a method including recording an indication of the selected merchant (McElfresh: paragraph 0035, paragraph 0036, paragraph 0037 and paragraph 0038).

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Referring to claim 16. McElfresh further discloses a method including retrieving information from the databases for use in performing the ranking (McElfresh: paragraph 0038).

Referring to claim 20. McElfresh further discloses a method including recording an indication of a commission for the affiliate network site based upon merchants accessed through the search (McElfresh: paragraph 0035, paragraph 0036, paragraph 0037 and paragraph 0038).

Referring to claim 21. McElfresh further discloses a method wherein the recording step includes recording as the commission a percentage of revenue corresponding to the access and determining the percentage based upon another type of commission (McElfresh: paragraph 0035, paragraph 0036, paragraph 0037 and paragraph 0038).

Referring to claim 22. McElfresh further discloses a method including recording an indication of a commission for the affiliate network site based upon the search query (McElfresh: paragraph 0035, paragraph 0036, paragraph 0037 and paragraph 0038).

Referring to claim 23. McElfresh further discloses a method wherein the receiving step includes receiving the query as entered into a search section on the affiliate network site, the search section having a particular content related to the affiliate network site (McElfresh: paragraph 0035, paragraph 0036, paragraph 0037 and paragraph 0038).

Referring to claims 24-30. Claims 24-30 are rejected under the same rationale as set forth above in claims 1-14, 16, 20-23.

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Referring to claims 31-44. Claims 31-44 are rejected under the same rationale as set forth above in claims 1-14, 16, 20-23.

Referring to claims 50-53. Claims 50-53 are rejected under the same rationale as set forth above in claims 1-14, 16, 20-23.

Referring to claims 54-58 and 60. Claims 54-58 and 60 are rejected under the same rationale as set forth above in claims 1-14, 16, 20-23.

Referring to claims 61-64. Claims 61-64 are rejected under the same rationale as set forth above in claims 1-14, 16, 20-23.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 15, 17-19, 44-49 and 59 are rejected under 35 U.S.C. 103(a) as being unpatentable over McElfresh U.S. Patent Application Publication 2003/0149938 in view of d'Eon U.S. Patent No. 6,006,197.

Referring to claim 15. McElfresh discloses a method according to claim 12 as indicated supra. McElfresh does not expressly disclose recording an indication of a purchase made through the selected merchant's network site. d'Eon discloses recording an indication of a purchase made through the selected merchant's network

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site (d'Eon: abstract). At the time the invention was made, it would have been obvious to a person of ordinary skill in the art to have modified the system of McElfresh to have included the limitations of d'Eon as discussed above in order to provide a system and method for accessing the effectiveness of Internet advertising that is easy to use and cost-effective (d'Eon: column 2, lines 30-42)

Referring to claim 17. McElfresh discloses a method according to claim 12 as indicated supra. d'Eon further discloses a method including recording an indication of a commission for the affiliate network site based upon a purchase made through the search (d'Eon: column 2, line 54 to column 3, line 50). At the time the invention was made, it would have been obvious to a person of ordinary skill in the art to have modified the system of McElfresh to have included the limitations of d'Eon as discussed above in order to provide a system and method for accessing the effectiveness of Internet advertising that is easy to use and cost-effective (d'Eon: column 2, lines 30-42)

Referring to claim 18. McElfresh in view of d'Eon discloses a method according to claim 17 as indicated supra. d'Eon further discloses a method wherein the recording step includes recording as the commission a percentage of an amount for the purchase (d'Eon: column 2, line 54 to column 3, line 50).

Referring to claim 19. McElfresh in view of d'Eon discloses a method according to claim 18 as indicated supra. d'Eon further discloses a method wherein the recording step includes selecting a value of the percentage based upon the search query (d'Eon: column 2, line 54 to column 3, line 50).

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Referring to claims 44-49. Claims 44-49 are rejected under the same rationale as set forth above in claims 15, 17 and 18-19.

Referring to claim 59. Claim 59 is rejected under the same rationale as set forth above in claims 15, 17 and 18-19.

Conclusion

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

PayPerClickTools.com, http://web.archive.org/web/*/www.payperclicktools.com/,
<retrieved on the Internet, April 9, 2004, WayBackMachine.org> February 02,
2001

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Matthew s Gart whose telephone number is 703-305-5355. The examiner can normally be reached on 8:30AM to 5:00PM m-f.

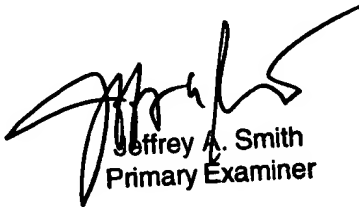
If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Wynn Coggins can be reached on 703-308-1344. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

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Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

MSG

April 9, 2004



Jeffrey A. Smith
Primary Examiner